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BEFORE THE ARIZONA CORPORATION COMMISSION

GARY PIERCE
Chairman
BOB STUMP
Commissioner
SANDRA D. KENNEDY
Commissioner
PAUL NEWMAN
Commissioner
BRENDA BURNS
Commissioner

Arizona Corporation Commission

DOCKETED

FEB 15 2011

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IN THE MATTER OF THE APPLICATION OF GILA
BEND POWER PARTNERS, L.L.C., OR THEIR
ASSIGNEE(S), IN CONFORMANCE WITH
REQUIREMENTS OF ARIZONA REVISED
STATUTES SECTIONS 40-360-01 et seq., FOR A
CERTIFICATE OF ENVIRONMENTAL
COMPATIBILITY AUTHORIZING THE COMBINED
CYCLE GENERATING PLANT, SWITCHYARD, AND
RELATED FACILITIES IN THE TOWN OF GILA
BEND, MARICOPA COUNTY, ARIZONA, LOCATED
IN THE SOUTHWEST QUARTER OF SECTION 19,
TOWNSHIP 5 SOUTH RANGE 5 WEST, GILA AND
SALT RIVER BASE AND MERIDIAN

DOCKET NO. L-00000V-00-0106-00000

CASE NO. 106

IN THE MATTER OF IN THE MATTER OF THE
APPLICATION OF GILA BEND POWER
PARTNERS AND ITS ASSIGNS IN
CONFORMANCE WITH THE REQUIREMENTS
OF ARIZONA REVISED STATUTES 40-360.03 AND
40-360.06 FOR A CERTIFICATE OF
ENVIRONMENTAL COMPATIBILITY
AUTHORIZING CONSTRUCTION OF ONE 500kV
TRANSMISSION LINE AND THE WATERMELON
SWITCHYARD IN MARICOPA COUNTY,
ARIZONA ORIGINATING AT THE PROPOSED
GILA BEND POWER PARTNERS POWER
PROJECT LOCATED NORTHWEST OF THE
CENTER OF THE TOWN OF GILA BEND,
ARIZONA (SECTION 19, TOWNSHIP 5 SOUTH,
RANGE 5 WEST, G&SRB&M) AND
TERMINATING AT THE PROPOSED
WATERMELON SWITCHYARD SECTION 22,
TOWNSHIP 5 SOUTH, RANGE 4 WEST, A
DISTANCE OF APPROXIMATELY 9 MILES

DOCKET NO. L-00000V-01-0109-00000

CASE NO. 109

DECISION NO. 72188

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 GARY PIERCE

Chairman

3 BOB STUMP

Commissioner

4 SANDRA D. KENNEDY

Commissioner

5 PAUL NEWMAN

Commissioner

6 BRENDA BURNS

Commissioner

7 IN THE MATTER OF THE APPLICATION OF GILA BEND)
8 POWER PARTNERS, L.L.C., OR THEIR ASSIGNEE(S), IN)
9 CONFORMANCE WITH REQUIREMENTS OF ARIZONA)
10 REVISED STATUTES SECTIONS 40-360-01 et seq., FOR A)
11 CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY)
12 AUTHORIZING THE COMBINED CYCLE GENERATING)
13 PLANT, SWITCHYARD, AND RELATED FACILITIES IN)
14 THE TOWN OF GILA BEND, MARICOPA COUNTY,)
15 ARIZONA, LOCATED IN THE SOUTHWEST QUARTER OF)
16 SECTION 19, TOWNSHIP 5 SOUTH RANGE 5 WEST, GILA)
17 AND SALT RIVER BASE AND MERIDIAN)

DOCKET NO. L-00000V-00-0106-00000

CASE NO. 106

13 IN THE MATTER OF IN THE MATTER OF THE)
14 APPLICATION OF GILA BEND POWER PARTNERS AND)
15 ITS ASSIGNS IN CONFORMANCE WITH THE)
16 REQUIREMENTS OF ARIZONA REVISED STATUTES 40-)
17 360.03 AND 40-360.06 FOR A CERTIFICATE OF)
18 ENVIRONMENTAL COMPATIBILITY AUTHORIZING)
19 CONSTRUCTION OF ONE 500kV TRANSMISSION LINE)
20 AND THE WATERMELON SWITCHYARD IN MARICOPA)
21 COUNTY, ARIZONA ORIGINATING AT THE PROPOSED)
22 GILA BEND POWER PARTNERS POWER PROJECT)
23 LOCATED NORTHWEST OF THE CENTER OF THE TOWN)
24 OF GILA BEND, ARIZONA (SECTION 19, TOWNSHIP 5)
25 SOUTH, RANGE 5 WEST, G&SRB&M) AND)
26 TERMINATING AT THE PROPOSED WATERMELON)
27 SWITCHYARD SECTION 22, TOWNSHIP 5 SOUTH,)
28 RANGE 4 WEST, A DISTANCE OF APPROXIMATELY 9)
MILES)

DOCKET NO. L-00000V-01-0109-00000

CASE NO. 109

ORDER MODIFYING
DECISION NOS. 63552 AND 69177

DECISION NO. 72188

ORDER

23 Open Meeting
24 February 1 and 2, 2011
25 Phoenix, Arizona

26 BY THE COMMISSION:

27 FINDINGS OF FACT

28 1. On January 7, 2011, Gila Bend Power Partners, L.L.C. ("GBPP") submitted an application for extension of three Certificates of Environmental Compatibility ("CEC"), a Request

1 for Expedited Treatment, and to the extent necessary, interim extensions. Specifically, GBPP
2 requested that the three CEC's be extended to February 7, 2018.

3 2. In Case No. 106 (Docket No. L-00000V-00-0106), the Arizona Corporation
4 Commission ("Commission") granted a CEC for the construction by GBPP of a natural gas-fired,
5 combined cycle generating plant, switchyard, and related facilities in the Town of Gila Bend in
6 Maricopa County in Decision No. 63552 (April 12, 2001). The Commission later extended the
7 GBPP authorization to construct the Gila Bend Power Plant in Decision No. 69177 (December 5,
8 2006). The authorization to construct the power plant will expire on February 7, 2011, unless the
9 Commission extends the time limitation as permitted by Decision No. 69177.

10 3. In Case No. 109 (Docket No. L-00000V-01-0109), the Commission authorized the
11 construction of a 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend
12 Power Plant to the Watermelon Switchyard, and a 500 kV interconnection at the Watermelon
13 Switchyard ("Project"). In Decision No. 63762 (June 12, 2001), the Commission granted GBPP a
14 CEC for these facilities. The Commission granted an extension of GBPP's authorization to
15 construct the facilities in Decision No. 69177. That extended authorization will expire on April
16 11, 2011, unless the Commission extends the time limit as permitted by Decision No. 69177.

17 4. In Case No. 119 (Docket No. L-00000V-02-0119), GBPP applied for authorization
18 to construct a 500 kV transmission line from the Hassayampa Switchyard to the Jojoba Switchyard
19 and associated switchyard components, to complete the interconnection of GBPP's Gila Bend
20 Power Plant to the Palo Verde Hub. In Decision No. 65866 (April 25, 2003), the Commission
21 approved a CEC for the transmission line. An extension of the CEC was approved by the
22 Commission in Decision No. 70323 (April 29, 2008). The authorization for GBPP to construct the
23 facilities will expire on April 11, 2011, unless the Commission extends the time limitation as
24 permitted by Decision No. 70323.

25 5. In the instant Application, GBPP refers to the Commission Decisions in Cases 106,
26 109, and 119, collectively as "GBPP CECs". GBPP contends that the application should be
27 approved because the need for the new generation has been delayed by the recession. GBPP
28 further argues that the application should be approved because GBPP is still firmly committed to

1 the Project. Finally, GBPP argues that the Project will provide benefits to the regional
2 transmission system and to renewable generators in the state. GBPP contends that the
3 Commission's finding of need for the Gila Bend Power Plant in Decision No. 69177 is still valid.

4 6. GBPP points out that it has already invested more than \$19 million in the Project
5 and continues to invest. GBPP recently paid over \$50,000 in rent for a BLM right of way for
6 2011.

7 7. GBPP argues that the increased transmission capacity resulting from the Project
8 will be a benefit to other generation providers. GBPP specifically mentions the benefit to
9 renewable generators located in and around Gila Bend.

10 8. Staff has reviewed the application of GBPP and the previously approved CECs and
11 CEC extensions.

12 9. Staff agrees with GBPP that although, in the short run, the need for the GBPP has
13 been delayed by the recession, that need will be confirmed as new growth appears with the end of
14 the recession.

15 10. Staff believes that GBPP, through its expenditures and continuing efforts, has
16 demonstrated that it is committed to completion of all aspects of the Project.

17 11. Finally, Staff concurs with GBPP that the project will provide benefits to the
18 regional transmission system in general and to renewable generators in particular. Most of the
19 renewable projects proposed for the Gila Bend area are solar projects. The Gila Bend/Palo Verde
20 area was identified as a Solar Resource Area in the Commission's Sixth Biennial Transmission
21 Assessment 2010-2019. Most solar projects only produce electricity during daylight hours.
22 However, a few projects have included thermal storage that will extend their electricity production
23 into the evening hours. The Gila Bend power plant will complement the proposed solar plants and
24 will provide a back-up source of power from the Gila Bend area during hours of darkness.

25 12. Staff recommends approval of the GBPP request for an extension of the GBPP
26 CECs authorization to construct the Project until February 7, 2018.

27 13. Although the CEC for Case No. 109 does not expire until April 11, 2011, Staff
28 notes that GBPP waited until January 7, 2011, to file an extension request for all three GBPP

CECs (one of which, Case No. 106, expires on February 7, 2011) and asked for expedited treatment. Staff is concerned that GBPP waited to request an extension until so close to the expiration of the CECs. The late timing of the application places an unnecessary burden on Staff to be responsive to the needs of GBPP while providing a thorough analysis of the application. Although Staff has taken steps to accommodate GBPP's request, it does so at the expense of other applicants who have responsibly prepared and timely submitted their applications. Staff recommends that the Commission place a requirement on the extension that requires GBPP, if in 2018 it desires another extension, to file such an extension at least 120 days prior to the deadline determined in this proceeding.

14. In addition, Staff recommends that the following language modifying Condition No. 5 of the CEC for Case 109 be included in the Order approving extension of the deadline date:

"This authorization to site and construct the 500 kV Watermelon Switchyard, a 500 kV transmission line from the Gila Bend Power Plant to the Watermelon Switchyard, and a 500 kV interconnection at the Watermelon Switchyard shall expire on February 7, 2018. However, before such expiration, Applicant or any assignee of Applicant may request that the Commission further extend this time limitation, provided that the GBPP facilities have been substantially constructed as of the time of such extension request. The Commission will determine what "substantial construction" is, at the time of Applicant's filing for time extension. In determining whether the facilities have been substantially constructed, the Commission shall include consideration of the status of the GBPP facilities financing and physical site construction."

CONCLUSIONS OF LAW

1. The Commission has jurisdiction over Gila Bend Power Partners, LLC and the subject matter contained herein pursuant to Article XV of the Arizona Constitution and A.R.S. §§ 40-252 and 40-360, *et seq.*

2. Notice of the proceeding has been given in the manner prescribed by law.

3. The Commission, having reviewed and considered Gila Bend Power Partners, LLC's application to extend time, concludes that it is in the public interest to adopt Staff's proposed revision to Condition No. 5 of the Certificate of Environmental Compatibility as set forth

...

1 in Finding of Fact No. 14 and to modify Decision No. 63762, as modified by Decision No. 69177,
2 accordingly.

3 ORDER

4 IT IS THEREFORE ORDERED that Decision No. 63762, as modified by Decision No.
5 69177, is hereby modified to revise Condition No. 5 of the Certificate of Environmental
6 Compatibility to state the following:

7 "This authorization to site and construct the 500 kV Watermelon
8 Switchyard, a 500 kV transmission line from the Gila Bend Power
9 Plant to the Watermelon Switchyard, and a 500 kV interconnection
10 at the Watermelon Switchyard shall expire on February 7, 2018.
11 However, before such expiration, Applicant or any assignee of
12 Applicant may request that the Commission further extend this time
13 limitation, provided that the subject GBPP facilities have been
14 substantially constructed as of the time of such extension request.
The Commission will determine what "substantial construction" is,
at the time of Applicant's filing for time extension. In determining
whether the facilities have been substantially constructed, the
Commission shall include consideration of the status of the GBPP
facilities financing and physical site construction."

15 IT IS FURTHER ORDERED that any future requests to extend the Certificate of
16 Environmental Compatibility shall be made at least 120 days prior to the expiration of the
17 Certificate of Environmental Compatibility.

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1 IT IS FURTHER ORDERED that all other provisions of Decision No. 63762, as modified
2 by Decision No. 69177, remain in full force and effect.

3 IT IS FURTHER ORDERED that this Decision become effective immediately.

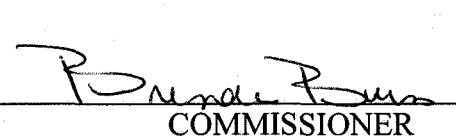
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5 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

6
7 
CHAIRMAN

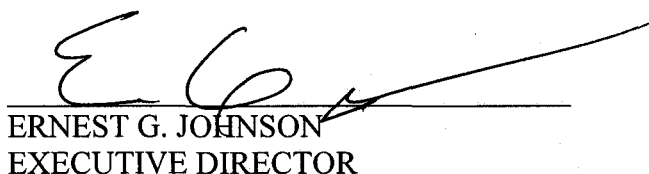
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9 
COMMISSIONER

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COMMISSIONER

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COMMISSIONER

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17 IN WITNESS WHEREOF, I, ERNEST G. JOHNSON,
18 Executive Director of the Arizona Corporation Commission,
19 have hereunto, set my hand and caused the official seal of
20 this Commission to be affixed at the Capitol, in the City of
21 Phoenix, this 11th day of February, 2011.

22
23 
24 ERNEST G. JOHNSON
25 EXECUTIVE DIRECTOR

26
27 DISSENT: _____

28
DISSENT: _____

SMO:RTW:lhmc/CH

1 SERVICE LIST FOR: Gila Bend Power Partners, LLC
2 DOCKET NO. L-00000V-01-0109-00000

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4 Chairman
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